

Message Text

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APPROVED BY THE SECRETARY

EUR - MR. VINE

S/S- MR. SEBASTIAN

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,R. SEBASTIAN

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L STATE 212142

E.O. 11652: GDS

TAGS: US, CA, PFOR

SUBJECT: LETTER TO MINISTER MACEACHEN FROM THE SECRETARY

- - -

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE SECRETARY
TO EXTERNAL AFFAIRS MINISTER MACEACHEN.

2. BEGIN TEXT. DEAR ALLAN:

IN OUR DISCUSSION COVERING THE BORDER TELEVISION PROBLEM
ON AUGUST 18, YOU MADE CLEAR THAT CANADIAN POLICY ON
BILL C-58 IS FIXED AND IMPLEMENTATION SCHEDULED TO TAKE
PLACE IN SEPTEMBER. -

AS YOU KNOW, THE INTERESTED US TELEVISION STATIONS AND THE
USGOVERNMENT HAVE CONSIDERED THE BROADCAST TAX PROVI-
SIONS OF BILL C-58 AN INTEGRAL PART OF THE BORDER TELE-
VISION PROBLEM. WHILE RECOGNIZING THE SOVEREIGN RIGHT OF
CANADA TO PASS SUCH LEGISLATION, WE HAVE SOUGHT FROM
THE OUTSET OF OUR BILATERAL DISCUSSIONS TO HAVE IMPLEMEN-
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TATION OF ANY SUCH TAX PROVISIONS DEFERRED IN THE HOPE

THAT ALTERNATIVES TO CANADIAN BROADCAST POLICY COULD BE
AGREED TO WHICH WOULD MEET CANADA'S OBJECTIVES WITHOUT SO
ADVERSELY AFFECTING THE US INTERESTS INVOLVED. SINCE THE

COMMENCEMENT OF OUR TALKS, AS
PART OF THIS SAME EFFORT AT ACCOMMODATION, THE STATIONS
CONCERNED HAVE FOREGONE UNILATERAL ACTIONS
SEEKING REDRESS OR RETALIATION.

I WAS, THEREFORE, DISAPPOINTED TO LEARN ON AUGUST 18 OF
THE FIRMNESS WITH WHICH CANADA IS PURSUING PLANS TO
BRING BILL C-58 INTO EFFECT AND THAT IT IS LIKELY THESE
PROVISIONS WILL BECOME EFFECTIVE BEFORE OUR OFFICIALS
CAN MEET TOGETHER AGAIN. YOUR REMARKS TO THE PRESS IN
WASHINGTON STRESSING THAT THE DELETION QUESTION IS STILL
OPEN WERE HELPFUL, I BELIEVE, IN AVOIDING ANY CONCLUSION
BY THE US COMPANIES THAT IMPLEMENTATION OF C-58 MIGHT
CAST DOUBT ON THE UTILITY OF THE NEGOTIATING PROCESS,
BUT YOU SHOULD KNOW THAT THE US GOVERNMENT CANNOT
CONTROL COMPANY ACTION.

IN VIEW OF THE CANADIAN POSITION ON BILL C-58, IT IS ALL
THE MORE IMPORTANT THAT WE REDOUBLE EFFORTS TO REACH A
SATISFACTORY RESOLUTION OF OUR DIFFERENCES OVER
COMMERCIAL DELETION AT THE EARLIEST OPPORTUNITY. I
BELIEVE YOU WILL AGREE THAT THE TAX CHANGES WILL THEM-
SELVES HAVE A MAJOR IMPACT ON THE TERMS OF BUSINESS IN
BORDER TELEVISION AND I TRUST THE CANADIAN SIDE WILL
HAVE THIS IN MIND AS WE CONSIDER OTHER ASPECTS OF THE
PROBLEM.

I HOPE THAT AN EARLY DATE CAN BE AGREED TO FOR RESUMP-
TION OF THE TELEVISION TALKS AND THAT OFFICIALS ON BOTH
SIDES WILL BE ABLE TO MOVE FORWARD RAPIDLY TOWARD A
POSITIVE RESOLUTION OF THE SITUATION. WARM REGARDS,
HENRY A. KISSINGER. END TEXT.

KISSINGER

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